

## **PART 2      INDEPENDENT GROUPS**

### **Chapter 13:   Coalition for Our Children’s Future**

Coalition for Our Children’s Future (“CCF”) is a nonprofit, tax-exempt organization under section 501(c)(4) of the tax code, created in mid-1995. Between its 1995 creation and the November 1996 election, CCF spent over \$5 million dollars on advertising in targeted Congressional districts.

Based on the evidence before the Committee, we make the following findings with regard to CCF:

#### **FINDINGS**

**(1)      Haley Barbour and others associated with the RNC created Coalition for Our Children’s Future (“CCF”), as a purportedly nonpartisan, tax-exempt social welfare organization under 501(c)(4) of the tax code and used CCF to carry out issue advocacy campaigns on behalf of Republican candidates and against Democratic candidates in 1995 and the first part of 1996.**

**(2)      The evidence before the Committee suggests that several Republican candidates solicited contributions for CCF from their own supporters and coordinated with CCF to secure issue ads that they believed would help their candidacy.**

**(3)      The evidence before the Committee suggests that in October 1996, CCF funded televised ads attacking Democratic candidates with money donated by a contributor who obtained a confidentiality agreement and oversaw development of the ads.** Based on the evidence before the Committee, it is likely that this contributor was the Economic Education Trust, the same entity that funded and perhaps controlled the development and placement of ads through two tax-exempt organizations operated by Triad.

#### **BACKGROUND**

Coalition for Our Children’s Future is a nonprofit organization pursuant to section 501(c)(4) of the Internal Revenue Code. As a 501(c)(4) organization, CCF may engage in lobbying and other direct political activities so long as direct political activity is not the organization’s primary activity. In fact, CCF, which was incorporated in June 1995, was conceived and operated as a political organization. Essentially, in 1995 and early 1996, CCF operated as a shadow campaign for the Republican National Committee (“RNC”), airing advertising in support of the Republican Balanced Budget and Medicare legislation

at the same time the Democratic National Committee (“DNC”) was airing advertising on the same subjects. The idea for CCF appears to have been conceived within the RNC, and people who either worked for, or with, the RNC controlled decision-making by CCF throughout 1995 and 1996. In the one-year period between September 1995 and October 1996, CCF spent over \$5 million on advertising.<sup>1</sup> CCF has never engaged in any activity other than the creation and airing of advertising. CCF has no grassroots support but exists largely as a project of Republican fundraising consultants Odell Roper & Simms.

In 1995 alone, CCF spent \$3.18 million on advertisements supporting the Republican positions on the Balanced Budget Amendment and Medicare.<sup>2</sup> Even after the demise of the Republican Balanced Budget legislation prior to the government shut-down in 1995, CCF continued to air advertising in key congressional races. In several instances, advertising appears to have been aired at the request of particular members of Congress or their staff, and paid for with funds raised by those members.

In mid-1996, representatives of CCF were approached by a “secret” contributor who required that CCF execute a confidentiality agreement before making a contribution. CCF witnesses testified that the purpose of the contribution was to fund an advertising campaign in the weeks before the 1996 election. CCF witnesses uniformly refused to disclose the identity of this secret contributor, or even the amount of the contribution, although they were appearing before the Committee pursuant to subpoena. Despite repeated Minority requests, the Committee never issued an order compelling witnesses to reveal this information.

### **RNC TIES TO CCF**

Documents produced to the Committee and the testimony of various witnesses indicate that Haley Barbour, then-chairman of the RNC, together with his close aide Donald Fierce, who held the title director of strategic planning, were instrumental in the creation of Coalition for Our Children’s Future. The purpose of CCF was to raise funds from corporate interests to fund a media campaign in support of Republican legislation on the balanced budget and Medicare reform.<sup>3</sup> Barbour had publicly insisted that he would not commit RNC funds to advertising in support of the legislation, preferring to conserve the party’s resources for the 1996 election.<sup>4</sup> Instead, the RNC simply created CCF to pay for an advertising campaign with undisclosed corporate funds. This allowed the RNC to respond to Democratic advertising while conserving hard money and permitting business interests, including tobacco companies, to fund the advertising free from public scrutiny.

A memo produced to the Committee by the RNC, and written by RNC staffer Barry Bennett, makes clear the RNC’s involvement in creating CCF and other similar groups.<sup>5</sup> The undated memo states:

We have three options on placing a USA Today ad. First the Coalition for Our Children’s Future can place the ad. The resources and legal structure are in place.

The name sounds a little goofy. The existence of such a structure does give us limited protection from a press attack. Second, we can formalize the Committee to Save Medicare. It will take a few days lead time to file the corporate paperwork. If the Seniors Coalition joins the board this entity will have appropriate cover.<sup>6</sup>

Bennett subsequently left the RNC to become CCF's executive director and oversee the CCF advertising campaign. Besides Bennett, the RNC also turned to other consultants and to staff to get CCF up and running. Documents produced to the Committee reflect that the RNC also hired its own fundraising firm, then known as Odell Roper & Simms ("ORS"), to oversee the creation of and fundraising for CCF. The RNC produced an unsigned copy of a contract dated May 1, 1995 from Robert Odell to Haley Barbour.<sup>7</sup> The cover memo, directed to Barbour, states: "per our conversation Saturday," "Re: Agreement for Coalition for America's Future," which Odell conceded was the same organization that became Coalition for Our Children's Future.<sup>8</sup> ORS, known primarily for direct mail fundraising, also worked directly for the RNC and the Dole presidential campaign, and Odell also personally handled fundraising for the RNC's annual "Republican Gala" fundraiser.<sup>9</sup>

Barry Bennett testified that he was working for Chuck Greener in the RNC's communications office when he was approached by the RNC's Donald Fierce about working for CCF.<sup>10</sup> Two of the individuals who ultimately acted as directors of the organization, Gary Andres and Dirk Van Dongen, also testified that Fierce had asked them to join the board.<sup>11</sup> The third director, Deborah Steelman, was asked by Barbour to join the Board.<sup>12</sup> Van Dongen also testified that it was his general understanding that the RNC was overseeing the creation of CCF.<sup>13</sup> The media vendor retained by CCF was Greg Stevens & Co., which, like ORS, also worked directly for the RNC.<sup>14</sup> Thus, the RNC turned to its own fundraising and media consultants, and a member of its own staff to run CCF, and to individuals personally chosen by high-ranking RNC officials to sit on the board of CCF.

Asked about the May 1, 1995 contract produced by the RNC, Odell testified that, while he had no reason to believe that such conversations did not occur, he was unable to recall ever seeing the document, did not recall having the conversation referenced in the cover memo with Barbour, and did not recall any discussions of entering into a contract with the RNC for CCF.<sup>15</sup> Odell did concede that throughout the spring of 1995 he was in regular contact with officials at the RNC, including Barbour, Fierce, and Greener, as often as two or three times a day.<sup>16</sup> Sarah Fehrer, Odell's assistant who was responsible for the administrative start-up of CCF, testified that she received telephone calls from Barbour and his assistant Kirk Blalock who were making "general inquiries" about "how things were going."<sup>17</sup> She testified that on at least one occasion Barbour personally called her, "not [about the] creation, just in general once we got going with the project."<sup>18</sup> While Odell confirmed that a contract for the provision of services from ORS to CCF probably existed, no contract was produced to the Committee.<sup>19</sup>

In late May 1995, a few weeks after the date of the contract sent from Odell to Barbour, CCF was incorporated by attorneys for ORS.<sup>20</sup> Documents produced to the Committee indicate that CCF may have already had a name before it was incorporated. A March 13, 1995 memo, produced by the RNC, is directed to the “Coalition to Save Our Children’s Future Media and Message Working Group.” The memo, written on Americans for Tax Reform letterhead, contains a series of “messages” built around the theme of “preserving the American dream for our children.”<sup>21</sup> The RNC also produced a number of other documents reflecting an active role in CCF. The documents include a memo dated May 23 to Barbour and Odell from Barbour’s former law partner, Ed Rogers, discussing a plan to contact Republican Governors to host meetings for Barbour with potential CCF contributors.<sup>22</sup> Odell testified he could not recall seeing this document, although he is certain he did if it was directed to him.<sup>23</sup> The memo, which bears Barbour’s handwritten “Good” across the top, also appears to have been forwarded by Barbour to Fierce and Greener. Questions about these documents were never posed to Barbour, Greener, or Fierce because, although the Minority requested subpoenas for all three, no subpoenas were issued.<sup>24</sup>

The RNC also produced two 1995 agendas for “Coalition Meetings” on July 17 and 19 of 1995 that clearly demonstrate RNC control and direction of CCF’s creation.<sup>25</sup> The two agendas, one on ORS letterhead and the other on CCF letterhead, include references to fundraising and organizational plans such as:

- A. Structure
  - 1. Coalition Board
  - 2. Coalition Advisory List
  - 3. 501(c)(4) status
- B. Organization (Staff/RNC):
  - 1. Roles/Authority/Responsibility
  - 2. Schedule coordination.<sup>26</sup>

The second agenda also contains a reference under the heading “Administration:” “approval of updated Coalition briefing materials? Haley’s approval.”<sup>27</sup> The agendas also discuss fundraising plans for CCF, including redirecting tobacco company contributions from Dole’s Better America Foundation to CCF, and calls by House Speaker Newt Gingrich to Merck Pharmaceutical company.<sup>28</sup> Speaker Gingrich and Haley Barbour also attended fundraising events for CCF in the summer of 1995.<sup>29</sup> Other documents produced by the RNC include a fax from Sarah Fehrer to Greener about a June 2, 1995 meeting with representatives of five tobacco companies, and fundraising material provided by Odell to Philip Anschutz that was copied to Greener.<sup>30</sup>

### **CCF’s 1995 Advertising Campaign**

After a very active fundraising campaign through the summer of 1995, CCF commenced its advertising campaign. Between August and December 1995, CCF funded four waves of advertising totaling at least \$3.18 million.<sup>31</sup> The advertisements aired during this period include a Medicare advertisement featuring one Senator, a Balanced Budget ad featuring a second Senator, an advertisement entitled “Meet Priscilla,” which focused on the federal debt and the need for a balanced budget for the future, and a fourth advertisement urging support for the Republican Medicare plan.<sup>32</sup>

Consistent with the plan outlined in Bennett’s earlier memo referencing the creation of a second group, the Save Medicare Project, under the auspices of the Seniors Coalition, Bennett testified that both the Medicare ad featuring the Senator and the second Medicare ad were paid for by Coalition for Our Children’s Future but aired with a disclaimer that they were paid for by “the Seniors Coalition: Save Medicare Project.”<sup>33</sup> Bennett testified that he worked with staff at Greg Stevens & Co, (“Stevens & Co.”) to create the advertisements, and that CCF paid for the media time rather than contributing the money directly to the Seniors Coalition in order to maintain control over the advertising.<sup>34</sup> Bennett also testified that it was Greg Stevens’s idea to have a seniors group air the Medicare advertising.<sup>35</sup>

Most decision-making with regard to advertising appears to have been handled by Stevens & Co. According to Bennett, Stevens & Co. staff was responsible for recruiting both Senators to appear in the CCF advertisements, and Stevens, together with Barry Bennett, made the decisions regarding where advertising would air.<sup>36</sup> Bennett also testified that together with Stevens & Co. he prepared another advertisement that he could recall only as “screaming granny” which aired in the spring of 1996.<sup>37</sup> This advertisement appears to have been financed by two wire transfers from CCF to the Seniors Coalition totaling \$140,000.<sup>38</sup> A memo produced by a Stevens & Co. employee contains a list of media markets where CCF’s 1995 advertising aired. The memo shows that ads were targeted to air in particular congressional districts, many of which were the districts of vulnerable Republican freshman.<sup>39</sup>

Essentially, at least at its creation, CCF was largely a front for the RNC’s advertising in support of the balanced budget and Medicare package. Gary Andres, who served as president and a director of CCF, testified that the RNC’s Donald Fierce told him the initial purpose of CCF was to run advertisements in support of the Republican Balanced Budget plan.<sup>40</sup> The purpose of creating an entity like CCF is three-fold. First, paying for advertising through a nonprofit organization permits the conservation of the party’s hard dollars. Had advertising created by CCF been aired by the RNC itself, in 1995 it would have had to have been paid for with a combination of hard and soft dollars.<sup>41</sup> DNC advertising aired during this period on these same subjects was funded partially with hard money. Running the advertising through a nonprofit front also allows the party to offer contributors freedom from public disclosure while still earning the contributors goodwill with members of Congress and party officials. And finally, running advertising through an apparently autonomous organization also lends more credibility to

the message. As RNC Coalition Director Curt Anderson explained in the Coalition Building Manual used by the RNC in the 1996 election cycle, “Always remember, ‘What we say about ourselves is suspect, but what others say about us is credible.’”<sup>42</sup>

### **CCF AND ITS EXEMPT ORGANIZATION STATUS**

In September 1995, four months after it was incorporated, Coalition for Our Children’s Future applied for tax-exempt status, claiming to be a social welfare organization pursuant to section 501(c)(4) of the tax code.<sup>43</sup> While a 501(c)(4) organization is permitted to lobby, the primary purpose of the organization must be to promote social welfare rather than directly or indirectly participate in political campaigns.<sup>44</sup> Despite this limitation on political activity, as a result of carefully crafted application papers and follow-up responses to the Internal Revenue Service (“IRS”), on July 30, 1996 CCF was approved by the IRS as a 501 (c)(4) organization. The approval of CCF for this status points to inherent problems in the application process for section 501(c)(4) status, and shows how organizations may easily disguise their true nature from the IRS. CCF concealed information about its ties to political candidates, parties and consultants and concealed the partisan nature of its advertising from the IRS.

In the September 1995 application, CCF stated that its purpose was to produce non-partisan educational material about budget deficits and Medicare reform. It listed the only employee of the corporation as Executive Director Barry Bennett and placed a great deal of emphasis on the appoint of directors Gary Andres, Deborah Steelman and Dirk Van Dongan. No mention is made in the application of the Odell fundraising firm even though CCF was essentially run out of ORS’s offices. According to the testimony of ORS employee Sarah Fehrer, in the first half of 1995, she handled tasks including ordering stationary and a phone line for CCF; that the CCF phone line rang at her desk; that she believed ORS also rented a post office box for CCF; and that she retrieved mail for CCF.<sup>45</sup> Fehrer also testified that ORS established a separate fundraising office for CCF in the ORS building for a short period in 1995.<sup>46</sup> The application makes no mention of the fact that Barbour and Speaker Gingrich were actively raising funds for CCF, or that Senator Dole and Speaker Gingrich were honorary co-chairs of CCF.<sup>47</sup>

Barry Bennett testified that he worked for CCF only periodically when advertising buys were being prepared.<sup>48</sup> When he was not working for CCF, Bennett worked for Representative Frank Cremeans, an Ohio Republican.<sup>49</sup> Many documents produced to the Committee bear the fax line of Congressman Cremeans’s office, and Fehrer testified that she contacted Bennett at that office when she could not reach him at the CCF office he maintained.<sup>50</sup> Bennett also testified that he first learned that he was the executive director of the organization when he received his business cards and that he regarded Odell as having the authority for all financial decisions pertaining to CCF.<sup>51</sup>

The three CCF directors also testified that they played no role in the organization. Steelman, Van Donegan, and Andres each testified that from the time they signed

paperwork becoming directors of the organization in July 1995 until the end of 1996, they did not recall attending a board meeting or a CCF meeting of any sort, never saw proposed advertising for the organization, and never spoke to representatives of CCF.<sup>52</sup> None of the three ever personally met Barry Bennett until 1997, and none of the three was aware of ORS's role in running CCF.<sup>53</sup> Andres, who was ostensibly the president as well as a director of CCF, additionally testified that he thought that someone had just designated him president, and that he never discussed becoming president with anyone.<sup>54</sup> When shown the Articles of Incorporation of CCF that provide that "the President shall be the CEO of the Corporation and shall in general supervise and conduct the daily affairs of the Corporation," Andres testified that he had never seen the document before.<sup>55</sup> When asked what he understood his role in CCF to be, he testified that the RNC's Donald Fierce "never really went into that in any detail. . . he just said there would be a board -- and we didn't really need to go into it."<sup>56</sup>

In November 1995, CCF received a follow-up inquiry from the IRS seeking additional information about current CCF advertising, about CCF's relationship to its media consultants, and about its proposed "programs." CCF responded on December 19, 1995, stating that the only written agreements into which CCF had entered were with its law firm, accounting firm, and auditors. Thus, CCF once again failed to inform the IRS that it retained ORS, a political fundraising firm also employed by the RNC and political campaigns, to administer and raise funds for the organization, and that Robert Odell exercised decision-making authority for the organization. While the follow-up response forwarded tapes of additional CCF advertising, it did not include a memo dated one day earlier outlining 48 media markets where advertising buys had been placed and which coincided with politically vulnerable Republican districts. The response also contained a biography of Barry Bennett which noted that prior to CCF he had worked for Representative Cremeans. The biography omitted Bennett's brief tenure at the RNC in 1995, and also failed to mention that in the three months between the filing of the application and the response, Bennett had once again been working for Representative Cremeans.

The ability of CCF to obtain section 501(c)(4) status despite the fact that it was created by the RNC, run by political consultants, and existed to air targeted political advertising at least partially in response to DNC advertising, highlights the deficiencies of the section 501(c)(4) process. The application process completely failed to discover that CCF was essentially a name and a bank account through which corporate funds were sent for the purpose of airing targeted political advertising. The organization has never had a staff of its own, has no defining ideology, and is financed not by people who believe in CCF's cause, but by large corporate contributors solicited by Republican Party fundraisers or Republican Party leaders.

In 1996, CCF also made contributions to other Republican groups, including a \$10,000 contribution to Americans for Tax Reform in August 1996, a \$150,000 contribution to the National Right to Life Committee in October 1996, and the \$140,000

transferred to the Seniors Coalition.<sup>57</sup> That CCF was able to form and operate under the guise of a social welfare organization points to fundamental flaws in the tax-exempt application process and the campaign-finance laws that allow groups like CCF to evade public disclosure requirements by using artfully worded political advertisements.

### **CCF 1996 ADVERTISING FOR REPUBLICAN CANDIDATES**

In December 1995, CCF aired an advertisement that featured clips of President Clinton talking about his plan to balance the budget. The advertisement ran:

Voice over: You've heard a lot of talk from Bill Clinton about balancing the budget. CLINTON: "I would present a five year plan to balance the budget...we could do it in seven years...I think we can reach it in 9 years ...balance the budget in 10 years...I think we could reach it in 8 years...so we're between 7 and 9 now. . .7,9,10,8,5" Voice over: No more double talk. Balance the budget.<sup>58</sup>

Produced by Stevens & Co., the advertisement was almost identical to an advertisement produced by Stevens & Co. and aired by the RNC.<sup>59</sup> A memo from a Stevens staffer to Sarah Fehrer of the Odell fundraising firm specifically notes: "The spot which ran [last week] was an edited version of Clinton spot the RNC ran last month which shows various clips of Clinton commenting on the balanced budget. (10 years, 7 years, 9 years, etc...)"<sup>60</sup> Hence, Stevens & Co. produced two virtually identical advertisements aired almost back to back by the RNC and CCF, at the same time that CCF was filing its response to the IRS seeking status as a social welfare organization not primarily engaged in political activity.

Documents suggest that in January 1996, CCF also aired the Clinton advertisement in a few districts at the request of particular Republican candidates. Apparently, from the time it began its advertising campaign, CCF expected that Republican members of Congress would make such requests. In a September 5, 1995 memo to Coalition Leaders, Barry Bennett stated:

Our members need to feel that someone is protecting them during this struggle. It is vitally important that we go up soon after their return . . . . Undoubtedly many will call in the coming week and ask for broadcast in their districts. Those that are not covered might be motivated to make a few solicitations to raise the funds for airing these spot in their districts.<sup>61</sup>

No evidence indicates that members of Congress raised funds for the September Medicare advertisements that were ultimately aired, although CCF did receive \$500,000 from the National Republican Congressional Committee on September 15.<sup>62</sup> In January 1996, however, evidence suggests that at least four members of Congress or their staff actively worked to secure CCF advertising in their districts.



Documents show that in late December 1995, Alex Ray of Chesapeake Media -- Representative Bill McCollum's media person<sup>63</sup> -- was working with CCF to put together a \$30,800 advertising buy in Representative McCollum's Orlando, Florida district.<sup>64</sup> A December 27 memo from Ray to David Bennett, the ORS staffer responsible for administering CCF, notes, "I just hope Bill raises another \$280."<sup>65</sup> In another memo to Bennett two days later, Ray exclaims, "I think its over. Bill McCollum raised another \$1,000 yesterday and the check is in the mail to Doyle's [Congressman McCollum's administrative assistant<sup>66</sup>] home as is the \$5,000. . . This should cover the shortages the Coalition advanced towards the buy."<sup>67</sup> In a third memo to David Bennett upon completion of the buy, Ray noted, "Every adult in central Florida should have seen your spot 3.5 times over the five day period."<sup>68</sup> Although Barry Bennett initially testified that he had no knowledge of any member of Congress raising funds to air CCF advertising in his or her district, when he was shown the memos, he admitted that he had spoken to McCollum staffer Doyle because they "wanted to either donate or raise money I think, for -- to run the ad, one of our ads in Orlando or something like that."<sup>69</sup>

Documents produced by CCF also indicate that Representative Jim Kolbe of Arizona raised money for CCF to air ads in his district. A letter dated January 18, 1996, to Barry Bennett from Representative Kolbe's campaign manager Tori Hellon states:

I am sending \$9,750 today so that you can begin the buys. Three of our contributors are out of town and will return this weekend. I will send the balance of \$12,000 on Monday. I have not heard back on the availability of RNC funds to be added to this money in order to increase our exposure. I hope you were successful in your efforts to secure additional funding.<sup>70</sup>

A note handwritten at the bottom adds: "Please fax a copy of the buy immediately so our contributors can know when the ads will run."<sup>71</sup> Invoices produced to the Committee by CCF indicate that CCF made a \$12,000 television buy in Tucson, Arizona for January 25 to 31.<sup>72</sup> Asked about the letter, Bennett testified that he recalled having a conversation with Kolbe's campaign manager "about how to go about raising money and what kind of money the coalition could take." He testified that he did not recall ever seeing the letter from the campaign manager.<sup>73</sup>

CCF documents also indicate similar contacts with Representative Van Hilleary of Tennessee. A printout of a January 12 telephone message for Barry Bennett from Representative Hilleary reads, "We really need the info on your bye [sic] in Nashville for the ad. When and how much?"<sup>74</sup> Documents indicate that CCF funded a \$20,000 television buy in Nashville between January 6 and 12, 1996.<sup>75</sup> Asked about the message, David Bennett, an ORS staffer, testified that he retrieved it and immediately forwarded it to Barry Bennett. Barry Bennett initially testified that he had never spoken to a Member of Congress on the subject of CCF, but later recalled having spoken to Representative Hilleary.<sup>76</sup> Documents also reflect that Representative Joe Barton of Texas was soliciting contributions for CCF in December and January 1996. At least one of the contributors, to

whom Barton sent a solicitation on CCF letterhead, Louis Beecherl, contributed directly to Barton's campaign at about the same time he received the solicitation.<sup>77</sup>

By directing their personal supporters to contribute to CCF, these Republican candidates appear to have been engaged in an attempt to circumvent contribution limits to their own campaigns. Republican Party organizations also appear to have been involved in this effort to run ads with the Republican message in congressional districts during this period. On January 19, CCF received an \$85,000 contribution from the National Republican Senatorial Committee.<sup>78</sup> The coordination of the fundraising and strategy for airing CCF advertisements between the candidates, the Republican Party, and CCF appears to make the cost of the advertising corporate contributions from CCF to these candidates. Creation of a supposedly nonprofit organization in the anticipation that it will be contacted by Members of Congress anxious for the organization's advertising dollars shows that undisclosed funds from nonprofits are used to influence particular races with the full knowledge and cooperation of the candidates who benefit from this advertising.

### **THE SECRET TRUST AND CCF's 1996 ELECTION ADVERTISING**

In the summer of 1996, Robert Odell, of Odell Roper and Simms, was approached by Denis Calabrese, a political consultant he knew from previous work.<sup>79</sup> In conversations with Odell and his partner John Simms, Calabrese inquired whether CCF would be interested in receiving a contribution for an advertising campaign.<sup>80</sup> Calabrese testified that before approaching CCF, he had been retained by an individual he refused to identify to the Committee who represented an organization he refused to identify, to oversee an advertising campaign in the weeks prior to the 1996 election.<sup>81</sup> Sometime in late August or early September 1996, the secret contributor provided funds to CCF that were used to run advertisements in several parts of the country in the weeks prior to the 1996 election.<sup>82</sup> At the request of the contributor, the campaign was overseen by Calabrese, and the contributor required that a confidentiality agreement be executed by CCF prior to making the contribution.<sup>83</sup> Amazingly, ORS never informed the CCF's board of directors of the impending advertising campaign, the confidentiality agreement, the source of the funding, or the relationship with Calabrese.<sup>84</sup> In fact, when questioned in early 1997 by reporters about those ads, at least one director, Deborah Steelman, stated that she thought that the organization had disbanded.<sup>85</sup>

Advertising funded through CCF in the weeks prior to the election included at least \$280,000 in television advertising in the Louisiana Senate race between Democrat Mary Landrieu and Republican Woody Jenkins, \$81,000 in advertising and \$51,000 in phone calls and mail in the Louisiana House race between Cooksey and Thompson, an unknown amount for advertising and \$28,500 on phone calls in a California House race between Democrat Representative Cal Dooley and Republican Trice Harvey, \$35,000 on television advertising and \$37,000 on telephone calls and mailings in the Oklahoma House race between Republican Tom Coburn and Democrat Glen Johnson, and \$35,000 on radio

advertisements and \$89,000 on mail and telephone calls in seven Minnesota state legislative races.<sup>86</sup>

Calabrese testified that in addition to overseeing the advertising campaign for CCF, he also oversaw an advertising campaign financed by the same contributor through a second organization that he refused to name.<sup>87</sup> In addition to these two organizations, Calabrese testified that he also attended meetings with other organizations including Triad (See Chapter 12) in order to determine if they were “appropriate vehicles” for ad campaigns.<sup>88</sup> Calabrese almost completely controlled the advertising campaign funded through CCF. While CCF required that all advertising be approved by counsel, and ORS staff provided bookkeeping services and acted as a liaison with counsel, Calabrese testified that he hired vendors, determined where ads would run, and had general oversight for the ad campaign. He also testified that he began hiring vendors and getting the advertisements started prior to the time a final decision was made by the secret contributor to contribute to CCF.<sup>89</sup> Among the vendors hired for the advertising campaigns of CCF and the unknown organization were Dick Dresner, James Farwell, and Steve Sandler, consultants who also worked on the Triad advertising campaign.<sup>90</sup>

### **Did CCF’s Secret Contributor Fund Triad Attack Ads?**

The fact that the three political consultants, two of whom are relatively unknown in Washington, D.C., worked on both the Triad and CCF advertising campaigns suggests that the two ad campaigns were funded by the same contributor, and that the contributor, not CCF or Triad, hired the consultants. Bank records show that a portion of Triad’s advertising campaign roughly equivalent to the advertising handled by these consultants was provided by a secret entity known as the Economic Education Trust. The identity of the persons behind this trust, and even the existence of the trust itself, was disclosed to the Committee when Triad’s attorneys failed to redact bank records which were produced to the Committee. Evidence also suggests that the Economic Education Trust funded the CCF ad campaign.

Evidence includes the public statement by an unnamed CCF employee that the organization that provided the funding for the ad campaign was a trust.<sup>91</sup> Bank records produced by CCF also show that the money for the CCF ad campaign was wired to CCF from a branch of Riggs Bank in Washington D.C., the same bank where the Economic Education Trust has an account.<sup>92</sup> Witnesses for CCF admitted that CCF had entered into an agreement to keep the identity of the contributor secret, but refused to produce a copy of the agreement. Barry Bennett stated publicly that this agreement was drafted by former RNC General Counsel Benjamin Ginsberg.<sup>93</sup> Documents produced by CCF indicate that counsel for CCF was also in contact with Ginsberg on the subject of the CCF advertising campaign.<sup>94</sup> Ginsberg also represented Dresner and Farwell before the Committee, both of whom failed to appear for deposition despite multiple attempts to schedule dates with Ginsberg. Moreover, the Committee learned that when the Economic Education Trust opened its account at Riggs bank, the address provided was in care of Ben Ginsburg.

In addition, although he failed to appear for a sworn deposition, Dick Dresner admitted that he helped to coordinate a number of issue advertising campaigns in the 1996 election cycle during a January 1998 meeting of political consultants. Dresner said that “many of the people he worked with were most concerned with remaining anonymous, while still having a major impact on federal elections.”<sup>95</sup> Dresner confirmed that “his wealthy clients set up a series of foundations, trusts and other ‘shells’ to pump money into subterranean issue-ad campaigns. ‘They use three or four or five or six different ways so they aren’t discovered,’” Dresner said.<sup>96</sup> He went on to note that “his clients seemed to have success with that tactic, and most have remained anonymous even now: ‘Even if their names came up once or twice, the extent of their activities is underestimated.’”<sup>97</sup>

Despite two requests from Senator Glenn, no subpoena was ever issued for the financial records of the Economic Education Trust. Such a subpoena might have permitted the Committee to determine whether or not the trust funded the CCF and Triad advertising campaigns. Even without the benefit of a subpoena, circumstantial evidence developed by the Minority suggests that the trust was financed in whole or in part by Charles and David Koch, controlling shareholders of Koch Industries, a giant oil company (see Chapter 12). The Koch brothers have a history of channeling money through nonprofit organizations, including think tanks and term-limits groups, in order to advance their political interests.<sup>98</sup> In 1996, a term-limits group with possible Koch funding ran attack ads aimed at some of the same candidates who were also targeted by Coalition for Our Children’s Future.<sup>99</sup> Some of the states in which CCF advertising was targeted are also states where Koch has financial interests. In Louisiana and Oklahoma, Koch has pipelines and oil contracts.<sup>100</sup> In Minnesota, where Calabrese testified CCF funded mailings in an attempt to win a Republican majority in the state legislature, Koch owns a huge refinery.<sup>101</sup> Some of the candidates who benefitted from attack ads run by CCF also received campaign contributions from Charles Koch, David Koch, and/or their company’s political action committee.<sup>102</sup>

Assuming that the Economic Education Trust was behind the CCF ad campaign, the trust, through Triad and CCF, funneled at least \$2.5 million into ads designed to aid candidates in states where the Kochs have significant business interests. The trust also took calculated steps to prevent public disclosure of its existence and its activities. One of the questions that remains unanswered at the close of this investigation is how many other groups did the Economic Education Trust run advertising dollars through? Calabrese testified that the secret contributor funded an advertising campaign through at least one organization in addition to CCF and Triad. Given the remaining questions about the extent of the Economic Education Trust’s activities, and lacking even definitive knowledge of who funded the CCF advertising campaign, this investigation has failed in its purpose, to expose illegal and improper activities in the 1996 campaign.

## **CONCLUSION**

CCF sets a dangerous precedent for future elections. In 1995 and 1996, advertising through CCF allowed the RNC to conserve hard dollars while responding to Democratic-funded advertising. CCF also provided candidates an avenue to fund advertising in their districts with contributions from supporters who may have made the maximum contribution to their campaigns. Finally, CCF permitted a still unknown entity to control a high dollar political advertising campaign through CCF for still unknown purposes.

CCF remains in existence today. Robert Odell testified that in January 1997, he had a meeting with Haley Barbour, Donald Fierce and Dirk Van Dongen to discuss keeping the organization alive for future issue campaigns.<sup>103</sup> Subsequently, the board of CCF was reconstituted to include Barbour, Fierce, Odell, and Van Dongen.<sup>104</sup> While Van Dongen and, reportedly, Fierce have since resigned, so far as this Committee is aware, Odell and Barbour remain active members of the Coalition for Our Children's Future. Like other organizations in the 1996 election, CCF provides a model for groups and individuals interested in influencing the political process free from disclosure and free from restrictions on how much they can spend to do so.

1. CCF Profit and Loss sheet for 5/30/95-12/31/96, CCF 213-215.
2. CCF disclosure of expenditures to Greg Stevens & Co., CCF Form 990, CCF 162-185, pp. 182-83.
3. Washington Times, 8/7/95.
4. Washington Post, 4/30/95; Washington Times, 12/7/95.
5. Barry Bennett deposition, 9/11/97, p. 228.
6. Memorandum regarding Placing Medicare Anniversary Newspaper Ad, R 061653.
7. Contract and Cover Memo from ORS to Haley Barbour, 5/1/97, R 61612-61616.
8. Contract and Cover Memo from Odell Roper & Simms to Haley Barbour, 5/1/97, R 61612-61616.
9. Robert Odell deposition, 9/5/97, pp. 31, 41.
10. Barry Bennett deposition, 9/15/97, pp. 5-7.
11. Gary Andres deposition, 8/18/97, p. 6: Dirk Van Dongen deposition, 9/4/97, p. 5.
12. Deborah Steelman deposition, 8/25/97, pp. 6-7.
13. Dirk Van Dongen deposition, 9/4/97, p. 6.
14. The Hotline, 10/28/94: The Hotline, 11/17/95: The Hotline, 1/6/95.
15. Robert Odell deposition, 9/5/97, pp. 35-37.
16. Robert Odell deposition, 9/5/97, pp. 39-40.
17. Sarah Fehrer deposition, 8/21/97, p. 18.
18. Sarah Fehrer deposition, 8/21/97, pp.18-19.
19. Robert Odell deposition, 9/5/97, p. 37. Lawyers for CCF have claimed that the contract is not covered in the Committee subpoena which calls for all documents referring or relating to payments over \$5,000 by CCF and all documents referring or relating to formation and establishment of CCF. See Committee subpoena 73.
20. CCF Articles of Incorporation and Unanimous Consent in Lieu of Initial Meeting, CCF 004-009 and 031-032.

21. Memo from Americans for Tax Reform to CCF Media and Message Working Group, 3/13/95, R 27449.
22. Memo from Ed Rogers to Haley Barbour and Bob Odell re CCF fundraising with Republican Governors, 5/23/95, R 061609.
23. Robert Odell deposition, 9/5/97, pp. 57-58.
24. Barbour appeared for deposition on the subject of the Ambrous Young loan to the National Policy Forum earlier in the investigation but was not subsequently recalled.
25. Agendas for CCF meetings of 7/17/95 and 7/19/95, R 61650-652 and 656-658.
26. Agenda for CCF meeting of 7/17/95, R 61650-652.
27. Agenda of 7/19/95 CCF Meeting, R 61656-658.
28. Agendas of 7/17/95 and 7/19/95, R 061650-652 and 656-658.
29. Washington Times, 8/7/95: Agenda for Gingrich travel, CCF 260.
30. 6/5/95 fax to Chuck Greener from Sarah Fehrer, R 61602-03: 7/20/95 fax to Chuck Greener from Sarah Fehrer, R 61654, R 5178.
31. Memo from Spring Thompson of Greg Stevens to Sarah Fehrer, 12/18/95, CCF 574-77.
32. Memo from Spring Thompson of Greg Stevens to Sarah Fehrer, 12/18/95, CCF 574-77.
33. Barry Bennett deposition, 9/11/97, pp. 253-56: Memorandum from Spring Thompson of Greg Stevens to Sarah Fehrer, 12/18/95, CCF 574-77.
34. Barry Bennett deposition, 9/11/97, pp. 253-256.
35. Barry Bennett deposition, Volume II, 9/15/97, pp. 24-25.
36. Barry Bennett deposition, 9/11/97 p. 64: Barry Bennett deposition, Volume II, 9/15/97, pp. 27, 29-30.
37. Barry Bennett deposition, 9/11/97, p. 110.
38. CCF 1995 IRS Form 990, CCF 162-185, p. 180.
39. Memorandum from Spring Thompson of Greg Stevens to Sarah Fehrer, 12/18/95, CCF 574-77.

40. Gary Andres deposition, 8/18/97, p. 6.
41. FEC Advisory Opinion 1995-25.
42. Coalition Building Manual authored by RNC coalitions director Curt Anderson, Exhibit 2367M: R 1824.
43. CCF Application for Exempt Status, 9/12/95, CCF 69-118.
44. Internal Revenue Service Publication 557, Tax Exempt Status for Your Organization, p. 43.
45. CCF IRS Application for Exempt Status, 9/12/95, CCF 69-118.
46. Sarah Fehrer deposition, 8/21/97, pp. 32-33, 49, 52.
47. CCF IRS Application for Exempt Status, 9/12/95, CCF 69-118.
48. Barry Bennett deposition, Volume II, 9/15/97, pp. 20-21.
49. Barry Bennett deposition, 9/11/97, pp. 9-11.
50. Draft advertising and wire transfer authorizations with Cremeans fax line at top, CCF 529, 312, 314, 316, 335, 326: Sarah Fehrer deposition, 8/18/97, pp. 57-58.
51. Barry Bennett deposition, 8/18/97, p. 37.
52. Gary Andres deposition, 11/18/97, pp. 16-18: Dirk Van Dongen deposition, 9/4/97, pp. 13-23: Deborah Steelman deposition, 11/25/97, p. 41.
53. Gary Andres deposition, 11/18/97, pp. 24: Dirk Van Dongen deposition, 9/4/97 pp. 12-14: Deborah Steelman deposition, 11/25/97, pp. 13, 22.
54. Gary Andres deposition, 8/1/8/97, p. 15.
55. CCF Articles of Incorporation, CCF 22-23: Gary Andres deposition, 8/18/97, p. 15.
56. Gary Andres deposition, 8/18/97, p. 15.
57. Checks and wire transfers from CCF to the National Right to Life, Americans for Tax Reform and IYDU, CCF 594, 423, 384.
58. Draft "Go Along" script, CCF 499.
59. Videotapes produced to the Committee by CCF: The Hotline, 11/17/95.
60. Memo from Spring Thompson of Greg Stevens to Sarah Fehrer, 12/18/95, CCF 574-77.



61. Memo to Coalition Leaders from Barry Bennett, 9/5/95, CCF 512-513.
62. Wire transfer receipt for \$500,000 from the National Republican Congressional Committee to CCF, CCF 230.
63. Barry Bennett deposition, 9/11/97, p. 272.
64. Memo from Alex Ray to David Bennett, CCF 561-563.
65. Memo from Alex Ray to David Bennett, CCF 550.
66. David Bennett deposition, 9/6/97, p. 118.
67. Memo from Alex Ray to David Bennett, CCF 561-563.
68. Memo from Alex Ray to David Bennett, CCF 554.
69. Barry Bennett deposition, 9/11/97, pp. 116-17, 271.
70. Letter to Barry Bennett from Tori Hellon of Kolbe '96, 1/18/96, CCF 231-232.
71. Letter to Barry Bennett from Kolbe '96, 1/18/96, CCF 231-232.
72. Invoice to CCF from National Media, CCF 359.
73. Barry Bennett deposition, 9/11/97, pp. 277-78.
74. Message for Barry Bennett from Representative Van Hilleary, 1/12/96, CCF 549.
75. Invoice to CCF from National Media, CCF 352.
76. Barry Bennett deposition, 9/11/97, pp. 117, 123.
77. Memo from Congressman Barton to Louis Beecherl, 12/22/95, CCF 559. FEC public disclosure contribution records of Louis Beecherl.
78. Letter and check to CCF from the NRSC, CCF 233-234.
79. Robert Odell deposition, 9/5/97, pp. 131-32. Odell testified that ORS had previously raised funds for Americans for Fair Taxation, a Texas-based group in which Calabrese was involved.
80. John Simms deposition, 9/10/97, pp. 40-44.
81. Denis Calabrese deposition, 9/18/95, pp. 13-15.
82. John Simms deposition, 9/10/97, pp. 41-43, 49.

83. John Simms deposition, 9/10/97, p. 48.

84. Barry Bennett has insisted that he was also not aware of the advertising campaign but in fact, he signed authorizations for wire transfers of the funds for this advertising, signed the confidentiality agreement with the secret contributor and, according to documents produced to the Committee, was consulted by CCF counsel on matters related to the advertising campaign. John Simms deposition, 9/10/97 p. 48, CCF 386, 401.

85. Deborah Steelman deposition, 8/25/97, p. 42.

86. Invoices from Dresner Wickers & Assoc., the Farwell Group, Sandler & Innocenzi, and Omni Information, and Total Media Resources, CCF 400, 413, 402, 419, 467.

87. Denis Calabrese deposition, 9/18/97, pp. 18-19.

88. Denis Calabrese deposition, 9/18/97, pp. 44, 18-19, 35-37, 11. Although Calabrese testified that he did not believe the secret contributor gave money to Triad, he stated that he did not have knowledge of everything the secret contributor did in 1996.

89. Denis Calabrese deposition, 9/18/97, pp. 54-55, 65.

90. Invoices from Dresner Wickers & Assoc., the Farwell Group, Sandler & Innocenzi, and Omni Information, and Total Media Resources, CCF 400, 413, 402, 419, 467.

91. Minneapolis Star Tribune, 10/29/97.

92. Records for Crestar accounts of Citizens for Reform, Citizens for the Republic; Riggs Bank records of accord of Coalition for Our Children's Future.

93. Minneapolis Star Tribune, 10/29/97: Letter to Benjamin Ginsberg 11/5/97.

94. Bill for counsel's services in reviewing CCF ads, CCF 421.

95. Roll Call, 2/2/98.

96. Roll Call, 2/2/98.

97. Roll Call, 2/2/98.

98. National Journal 5/16/97: Lewis Charles and the Center for Public Integrity, The Buying of the President. New York: Avon Books, 1996, p. 127.

99. Roll Call, 1/26/98.

100. Wichita Business Journal, 10/24/97: Minneapolis Star Tribune, 10/29/97.

101. Denis Calabrese deposition, 9/18/97, p. 125-26.
102. FEC public disclosure records for Charles Koch, David Koch and Koch Industries PAC.
103. Bob Odell Deposition, 9/5/97, pp. 199-200, 208.
104. Unanimous Consent in Lieu of Meeting 1/29/97, CCF 46-47.